

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3338-02
BILL NO.: HB 1891
SUBJECT: Linked Deposits
TYPE: Original
DATE: February 28, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Economic Development - Divisions of Finance and Credit Unions, Department of Agriculture**, and the **Office of the State Treasurer** assume the proposal would have no fiscal impact on their agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0
<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal makes changes in the Linked Deposits for Agricultural and Small Assistance Program. Those changes include:

- (1) Credit unions are added to the eligible lending institutions allowed to participate in the program.
- (2) Eligible lending institutions making loans to eligible small businesses, farming operations, agribusinesses, beginning farmers, and livestock operations are to make such loans at a rate not more than 1% greater than the rate afforded the deposit made by the State Treasurer.
- (3) Currently, the State Treasurer may invest no more than \$165 million of aggregate deposits for linked deposits to eligible farming operations, agribusinesses, beginning farmers, and livestock operations. The proposal permits the State Treasurer to invest no more than \$110 million of aggregate deposits for linked deposits to eligible farming operations and beginning farmers.

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DESCRIPTION (continued)

(4) Currently, the State Treasurer may invest no more than \$55 million of aggregate deposits for linked deposits to eligible small businesses. The bill permits the State Treasurer to invest no more than \$110 million of aggregate deposits for linked deposits to eligible small businesses, agribusinesses, and livestock operations.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development - Divisions of Finance and Credit Unions
Department of Agriculture
Office of the State Treasurer



Jeanne Jarrett, CPA
Director
February 28, 2000